

## Town of Colchester – Revolving Loan Fund

### 2010 Qualifications and Criteria

#### A. Municipal Intent

It is the Town's intent to work with homeowners and property owners to bring all on-site sewage disposal systems and all municipal sewage collection components in line with current environmental standards. Environmental standards and the officially adopted design regulations change periodically. Systems that were permitted, designed, and constructed in accordance with the standards adopted at the time of their construction and which otherwise have continuously met State and municipal regulations remain valid even through they may not meet the most current standards.

Homeowners may be concerned that applying for a loan will draw the Town's attention to a "failed, failing, or substandard system". The Town recognizes that the applicants, by the very act of declaring these problems are indicating their desire to find a solution. The Town intends to work with all homeowners to resolve these issues.

In general, the Town does not intend to 'shut down' or otherwise force a solution on those homeowners that draw attention to their properties. Past experience indicates that most homeowners will be able to operate with continued cautious use of their on-site system.

The Town will need to work with a homeowner to find immediate solutions in cases where raw sewage is surfacing or directly flowing into surface waters. These are exactly the high priority cases that we wish to assist with the loan funds.

#### B. Basic Qualifications

1. The program is open solely to single family year round residences, single family seasonal cottages, duplexes, or individual condominium owners in the Town of Colchester.
2. The year round residence, seasonal cottage, individual condominiums or one of the duplex units must be occupied by the homeowner. If the year round residence, seasonal cottage, condominium or the owner occupied duplex unit is rented out for more than two weeks per year the building is ineligible. The loans are not available for commercial property.
3. The residence must have either a "failed, failing, or substandard" on-site sewage disposal system. Eligible residences that are connected to a municipal sewer collection main and which also have a problem with the private portion of their service connection will also be considered for this program. This determination must be made by a Licensed Designer in most cases.

Town administrative officials will assist homeowners with this determination upon request. Town assistance will be limited. Most applicants will need to hire a Licensed Designer to investigate the problem and to prepare a design for the proposed solution.

4. For properties that are supported by a shared system such as Condominium Associations, individual unit owners may apply for a revolving loan. Condominium owners need to have individual, pro-rated costs, established for their portion of the replacement costs by the Association. Condominium owners need to provide a copy of their Association Documents with language providing for maintenance of the wastewater disposal system. Sample language is available from the Town.

C. Review Process

1. All applications will be first examined to determine whether they meet the Basic Qualifications described in Section B. As necessary the Town may request additional information or clarification from the applicant.
2. Applicants that meet the Basic Qualifications will then be evaluated and ranked. As necessary, the Town may visit the property and may request a meeting with the applicant and their Licensed Designer to review the application.
3. The owners of parcels that meet the qualifications but which do not receive a loan award in a given year will be contacted to ask whether the applicant would like to be considered in the next award cycle.
4. The Town may award additional loans during a given year if funding is available after the initial round of awards. Funds may be available if a property owner elects to not accept an awarded loan, or if the full amount of an awarded loan is not required, or if the Town secures additional funds.

E. Definitions

1. A *Licensed Designer* is either a Professional Engineer or a Site Technician that is qualified in the State of Vermont to prepare designs in accordance with State design standards.
2. An *Eligible residence* is a single family year-round residence, or a single family seasonal cottage, or a duplex that meets the owner occupancy criteria described in Section B-2.

## Town of Colchester – Revolving Loan Fund

### 2010 General Information

The Town of Colchester has established a Revolving Loan Fund program under the auspices of the Vermont Agency of Natural Resources and the Vermont Municipal Bond Bank. This low-interest loan program has been established to provide financial assistance to homeowners with either a “failed, failing, or sub-standard” on-site sewage disposal system.

The Town has established this program as one component of a wastewater management program. The overall goal is to improve the quality of groundwater, surface waters, and the lake water. The specific goal of this program is to assist those homeowners that have both problematic on-site systems and limited economic resources to repair, replace, or upgrade the systems on their own.

This is a loan program. Loans will be awarded but they will be loans. There are no grants or gifts. The difference between the municipal loan and a loan from a financial institution is that we are attempting to offer a lower than average interest rate and we may be able to offer a loan to an applicant that might be denied a loan elsewhere. We urge all interested homeowners to explore the possibility of a loan from other sources. Certain homeowners may be eligible for better terms elsewhere.

The Town has established this program in recognition of and in response to the existence of poorly functioning on-site systems serving households without the financial means to resolve the environmental problem. Homeowners in this situation are strongly encouraged to apply.

The amount of loan money is limited. While the overall goal is to assist all homeowners with substandard systems, the application review process is structured to target those households with the worst environmental problems and the worst financial problems on a priority basis. Homeowners should weigh these factors when considering whether to submit an application and when evaluating their chances of receiving the loan. A house with a more modest environmental problem should have a greater chance of receiving a loan as the years pass.

A completely new on-site system may cost upwards of \$30,000.00, including engineering, permitting, and construction. Not all households will require completely new systems and not all completely new systems would cost \$30,000.00. In some cases, the problem may be as simple as replacing a septic tank. It is the Town’s intent to use the funds to assist as many homeowners as possible. In many cases, the Town may provide a loan amount for only a portion of the total expense.

Note that as a condition of each loan, the applicant must receive all necessary municipal, State, and Federal permits. In most cases the applicant will need to hire a Licensed Designer.

Homeowners may pick up an application package at the municipal office at 781 Blakely Road or may request one by mail by telephoning Denise Terk at 264-5601. Application packages (application forms and related documents) will be mailed to all persons that have already contacted the Town about this program.

Town of Colchester – Revolving Loan Fund Application

Applicant's Name(s) \_\_\_\_\_  
(Must match name(s) on deed or property lease.)

Applicant's Address \_\_\_\_\_

Landowner's Tel. Nos. \_\_\_\_\_

Subject Parcel Address \_\_\_\_\_

Subject Parcel Tax Map No. \_\_\_\_\_ Parcel No. \_\_\_\_\_

Landowner's Name \_\_\_\_\_  
(Must match name(s) on deed.)

Landowner's Address \_\_\_\_\_

Landowner's Tel. Nos. \_\_\_\_\_

Application Submission Date \_\_\_\_\_

The subject building is a:

- \_\_\_\_\_ Owner occupied single family year round residence  
\_\_\_\_\_ Owner occupied single family seasonal cottage  
\_\_\_\_\_ Owner occupied duplex or condominium

Is the owner occupied residence rented out for more than two weeks per year? \_\_\_\_\_

Is the residence on a community wastewater disposal system? \_\_\_\_\_

Please include a narrative describing:

- The problem for which the loan is requested.
- The type of potable water supply.
- The proposed solution.
- The loan amount requested.
- The estimated total cost of the project (engineering, construction, & fees).
- The name and contact information of the Licensed Designer.

The application must include:

- Xerox copies of the applicant's previous three Federal Tax Returns.
- A notarized statement by the applicant as to whether the applicant is the sole or partial owner of another residence or any other real estate within or outside of the State of Vermont. (Application Page 3)
- Design drawings, if available, of the site showing existing features and the proposed new work for which the loan is intended.
- A recent Credit Bureau Report
- A copy of the applicant's most recent pay stub

## REVOLVING LOAN FUND APPLICATION (CONTINUED)

### EMPLOYMENT INFORMATION

BORROWER		CO-BORROWER	
Name & Address of Employer	Business Phone	Name & Address of Employer	Business Phone
	Dates (From-To)		Dates (From-To)
Position / Title	Self-Employed <input type="checkbox"/>	Position / Title	Self-Employed <input type="checkbox"/>
Name & Address of Employer	Business Phone	Name & Address of Employer	Business Phone
	Dates (From-To)		Dates (From-To)
Position / Title	Self-Employed <input type="checkbox"/>	Position / Title	Self-Employed <input type="checkbox"/>

### MONTHLY INCOME & COMBINED HOUSING EXPENSE INFORMATION

INCOME	BORROWER	CO-BORROWER	TOTAL
Monthly Wage Income			
Monthly Income other than Wages (Itemize)			
<i>Total Income</i>			

HOUSING & DEBT EXPENSES	BORROWER	CO-BORROWER	TOTAL
Mortgage Payments			
Other Monthly Financing Payments			
Real Estate Taxes			
Land Lease Payments			
Homeowner's Insurance			
Other			
<i>Total Housing &amp; Debt Expenses</i>			

ADDITIONAL COMMENTS REGARDING YOUR ABILITY TO PAY THE REVOLVING LOAN FUND DEBT

# Real Estate Declaration

We, \_\_\_\_\_ and \_\_\_\_\_ owners of a residence on leased land at \_\_\_\_\_ in Colchester, Vermont swear that neither of us owns all or any portion of any other real estate in the world aside from our \_\_\_\_\_, Colchester, Vermont residence.

\_\_\_\_\_

State of Vermont  
Chittenden County, SS.

At \_\_\_\_\_, \_\_\_\_\_, this \_\_\_\_ day of \_\_\_\_\_, 2010 personally appeared \_\_\_\_\_ and \_\_\_\_\_ and they acknowledged this instrument, by \_\_\_\_\_ sealed and subscribed, to be their free act and deed.

Before me,

\_\_\_\_\_  
Signature Notary Public

\_\_\_\_\_  
Name (Please Print) My Commission Expires: \_\_\_\_\_

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